

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (6/03)
BUTTER: Grade AA closed at \$1.4500. The weekly average for Grade AA is \$1.4350 (+.0200).

CHEESE: Barrels closed at \$1.4700 and blocks at \$1.5100. The weekly average for barrels is \$1.4463 (+.0273) and blocks, \$1.4925 (+.0315).

BUTTER: The butter market tone is unsettled. Many producers and handlers questioned the firmness that occurred at the CME when cream supplies are heavy and readily available to butter operations. Cream supplies over the past Memorial Day holiday weekend were heavier than butter producers have seen in a number of years. Due to the heavy offerings, churning schedules were at capacity levels at many facilities. For many of these, churning schedules remained heavy into the current week as they work down surplus weekend offerings. Buying activity is generally slow, fair at best. Many buyers are holding off placing orders until they have a chance to evaluate holiday carryover stocks. Some June dairy month features and coupons were noted.

CHEESE: The cheese market is steady though with a cautious undertone. Cash cheese prices at the Chicago Mercantile Exchange showed a surprising price rebound after an approximately 9 cent decline in the weekly averages last week. Buyers trying to make spot cheese purchases at the low end of recent price cycles have not always been successful. Most natural American plants have limited uncommitted supplies. Process movement is fairly steady at the improved levels of recent weeks. Mozzarella inventories are accumulating at some plants. Overall cheese and milk production remain well above year ago levels. Current milk supplies are keeping plants full with most on 7 day schedules. Cheese yields are often lower, reflecting lower fat and protein tests on incoming milk volumes.

FLUID MILK: Milk production across the country remains seasonally strong. In southern states from Florida to Southern California, hot temperatures are starting to impact the milk flow. Although not significantly, milk production in these areas is declining from the peak. Elsewhere in the country, milk output is holding steady at peak levels. Milk volumes over the recent Memorial Day holiday weekend were the heaviest many milk processors have seen in a number of years. Reports indicate that surplus milk volumes had to travel greater distances during the holiday looking for processing capacity. Most manufacturing plants were running at capacity levels to process the volumes. Milk handlers indicate that as schools close for the summer, coupled with strong milk output, they anticipate heavy milk volumes to continue for the next few weeks. Cream markets are mostly steady. Cream volumes were heavy to the churn over the holiday period as many Class II cream buyers were out of the market. Churning activity was heavy. Following the holiday weekend, some Class II operations resumed

production schedules, thus reducing some of the cream offerings to butter producers.

DRY PRODUCTS: For many dry dairy product markets across the country, the market tone is steady to firm. Nonfat dry milk prices are unchanged to higher. Despite heavy production over the holiday weekend, supplies are limited. Heavier production is expected to continue until excess milk volumes from the seasonal flush and school closings decline. Demand for NDM is fair to good domestically, fair for export. Buttermilk powder markets are generally steady, although a weak tone is developing in the Central part of the country as prices are unchanged to lower. Production levels are heavy as churning activity has not slowed appreciably. Most manufacturers are not aggressively marketing their stocks of buttermilk and continue to report that they are satisfied in holding stocks for future contractual needs in coming months. Drying activity is somewhat limited by all the skim that has to be dried, but plants are making time as needed. Whey powder prices are unchanged to higher. Production is steady to higher due to the excess milk supplies available over the holiday weekend. Often the increased production is welcomed from a supply stand point. Many producers and handlers are surprised that prices continue to increase during the heaviest production time of the year. Demand is steady at fair to good levels.

CCC: During the week of May 30 - June 3, there was no price support activity.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):

The following are the May 2005 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$12.78 (-\$0.46), Class III \$13.77 (-\$0.84), and Class IV \$12.20 (-\$0.41). Product price averages used in computing Class prices are: butter \$1.4046, NDM \$0.9289, cheese \$1.4765, and dry whey \$0.2603. The Class II butterfat price is \$1.5545 and the Class III/IV butterfat price is \$1.5475. Further information may be found at

www.ams.usda.gov/dyfmom/mib/classprcacnmt.pdf

MAY AGRICULTURAL PRICES HIGHLIGHTS (NASS): The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2005 was unchanged at 139. Compared with May 2004, the index was up 4 points (3.0%). The index of prices received by farmers for dairy products declined 2 points during the month of May 2005 to 114. Compared with May 2004, the index was down 34 point (23.0%). Prices received by farmers in May with changes from April were: for All Milk, \$14.90, down \$.30; Fluid Grade Milk, \$14.90, down \$.30; and for Manufacturing Grade Milk, \$14.20, down \$.50.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

PRODUCT	MONDAY MAY 30	TUESDAY MAY 31	WEDNESDAY JUNE 1	THURSDAY JUNE 2	FRIDAY JUNE 3	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	NO	\$1.4150 (N.C.)	\$1.4400 (+.0250)	\$1.4600 (+.0200)	\$1.4700 (+.0100)	(+.0550)	\$1.4463 (+.0273)
40# BLOCKS	TRADING,	\$1.4600 (N.C.)	\$1.5000 (+.0400)	\$1.5000 (N.C.)	\$1.5100 (+.0100)	(+.0500)	\$1.4925 (+.0315)
BUTTER GRADE AA	MEMORIAL DAY	-----	\$1.4200 (+.0100)	-----	\$1.4500 (+.0300)	(+.0400)	\$1.4350 (+.0200)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

CHICAGO MERCANTILE EXCHANGE

MONDAY, MAY 30, 2005 -- No Trading, Memorial Day Observed.

TUESDAY, MAY 31, 2005

CHEESE -- SALES: 6 CARS 40# BLOCKS @ \$1.4600; BIDS UNFILLED: 1 CAR BARRELS @ \$1.4100; 4 CARS 40# BLOCKS: 2 @ \$1.4600, 2 @ \$1.4550; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.4300; 1 CAR 40# BLOCKS @ \$1.4650

WEDNESDAY, JUNE 1, 2005

CHEESE -- SALES: 16 CARS 40# BLOCKS: 11 @ \$1.4825, 5 @ \$1.4850; BIDS UNFILLED: 3 CARS BARRELS: 1 @ \$1.4400, 1 @ \$1.4300, 1 @ \$1.4200; 67 CARS 40# BLOCKS: 11 @ \$1.5000, 5 @ \$1.4975, 10 @ \$1.4950, 5 @ \$1.4925, 5 @ \$1.4900, 5 @ \$1.4875, 6 @ \$1.4850, 5 @ \$1.4825, 1 @ \$1.4800, 5 @ \$1.4750, 1 @ \$1.4725, 2 @ \$1.4700, 2 @ \$1.4650, 1 @ \$1.4625, 3 @ \$1.4600; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 23 CARS GRADE AA: 4 @ \$1.4100, 4 @ \$1.4125, 6 @ \$1.4175, 1 @ \$1.4200, 5 @ \$1.4150, 1 @ \$1.4175, 2 @ \$1.4200; BIDS UNFILLED: 15 CARS GRADE AA: 2 @ \$1.4200, 1 @ \$1.4175, 2 @ \$1.4150, 1 @ \$1.4125, 4 @ \$1.4100, 1 @ \$1.4050, 1 @ \$1.4025, 3 @ \$1.4000; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.4400

THURSDAY, JUNE 2, 2005

CHEESE -- SALES: 4 CARS BARRELS @ \$1.4600; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.4550, 1 @ \$1.4300; 3 CARS 40# BLOCKS @ \$1.5000; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 3, 2005

CHEESE -- SALES: 2 CARS BARRELS @ \$1.4700; 9 CARS 40# BLOCKS: 3 @ \$1.5025, 4 @ \$1.5050, 2 @ \$1.5100; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.4700, 1 @ \$1.4600; 18 CARS 40# BLOCKS: 2 @ \$1.5100, 3 @ \$1.5075, 4 @ \$1.5050, 4 @ \$1.5025, 5 @ \$1.5000; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5200

BUTTER -- SALES: 25 CARS GRADE AA: 2 @ \$1.4400, 2 @ \$1.4425, 1 @ \$1.4475, 2 @ \$1.4500, 4 @ \$1.4475, 4 @ \$1.4500, 1 @ \$1.4475, 1 @ \$1.4500, 3 @ \$1.4525, 5 @ \$1.4500; BIDS UNFILLED: 29 CARS GRADE AA: 2 @ \$1.4500, 2 @ \$1.4475, 2 @ \$1.4450, 2 @ \$1.4400, 2 @ \$1.4350, 2 @ \$1.4275, 5 @ \$1.4250, 3 @ \$1.4200, 2 @ \$1.4175, 2 @ \$1.4100, 5 @ \$1.4000; OFFERS UNCOVERED: 2 CARS GRADE AA @ \$1.4600

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

BUTTER MARKETS**NORTHEAST**

The CME cash price for butter has decreased during the last four consecutive trading sessions (5/20-27) after increasing the previous four sessions. Churning activity remains heavy, particularly during the holiday weekend when many ice cream plants shut down for an extra day. It has been several years since butter makers have seen cream supplies this heavy at Memorial Day, but cream supplies have been heavy since last Christmas. Bulk and packaged butter supplies are more than ample for current needs. Retail sales are steady at lackluster levels. Food service orders are improving in resort-area outlets. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

CENTRAL

The butter market tone remains weak although at midweek, the cash price increased 1 cent to \$1.4200. Central butter producers stated that cream supplies over the Memorial Day holiday weekend were the heaviest they have seen in many years. Due to the heavy offerings, churning schedules were at capacity levels at many facilities. For many of these operations, churning schedules remain heavy into the current week. For most operations, sales activity has been fair at best thus inventories continue to increase above previous year levels. Many buyers are holding off placing orders until they have a chance to evaluate holiday carryover stocks. Retail buyers indicate that

they feel butter sales will follow typical summer patterns during the next few months. This year, they feel that lack of supplies will not be a factor, thus they anticipate prices will remain basically steady around current levels. Food service orders are also projected to be typical with the scurry for supply to not be a concern for the summer. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

WEST

Butter prices had declined for the last four trading sessions, down four cents over that period. Prices today gained back a penny to stand at \$1.42. Trading was active today (June 1) with 23 loads sold and 15 additional bid for. Butter production was heavy over the holiday weekend and continues to be that way into this week in order to clear the surplus cream available. No real plant operating problems were noted, but cream did have to travel further to find a willing home. Buying activity is generally slow unless featured. Some June dairy month features and coupons are noted. Stocks at a number of operations are heavier than anticipated. Plants are making more quarter pound prints for storage for fall needs than has been the case in the past. Contacts are wondering how this will impact bulk butter demand this fall. CME weekly butter stocks grew by 930,000 pounds this past week to stand at 102.2 million pounds. This level matches last year for the same week, but trails the 2003 number of more than 195 million pounds. Bulk butter prices range from flat to 3 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
MAY 28	1.4945	1.4527	0.9265	1.4209	0.2620
	8,765,723	10,441,725	23,671,770	3,210,303	10,119,467

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are sharply lower after the prices at the CME cash market slipped 10 – 15+ cents from their May 17 highs. After late-week gains, the market seems a little more stable. Cheese production in the Northeast is heavy and most cheese makers have more milk than they really want. The Memorial Day weekend, from a milk supply stand point, was one of the worst in many years. Reportedly, a lot of distressed-priced milk was looking for homes this past weekend and some cheese makers took full advantage of this situation. Others, however, continued to limit production to cheese sales levels. Food service orders are getting into "summer mode" as seasonal food stands are now open along the Eastern Shore. Retail sales are slow to fair.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.5400-2.0550
Cheddar Single Daisies	:	1.4975-1.9725
Cheddar 40# Block	:	1.6025-1.8725
Process 5# Loaf	:	1.6300-1.8375
Process 5# Sliced	:	1.6500-1.8650
Muenster	:	1.6125-1.8150
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is unsettled. Most long term observers feel cash cheese prices have no reason to increase very much in the short term. Most producers are actively manufacturing cheese; most are receiving offers of additional milk. Plant capacity is being tested, at least as far as plant operators care to run. Natural American supplies are not too far from in balance with lead times steady on specialties such as pepper jack. Finding a spot load or two of natural American is likely for regular buyers while large multi-load lots is not. Natural cut movement is strong with shreds and chunks steady to occasionally slower. Barrel offerings are at least adequate for the current interest. Process movement remains fairly good, aided by good food service accounts. Overtime on process lines to make up for the holiday shutdown is likely to be infrequent. Good quality undergrade supplies remain tight but supplies with more problems are more available. Cheese yields are declining seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6200-1.9800
Brick And/Or Muenster 5#	:	1.9900-2.0100
Cheddar 40# Block	:	1.8100-2.2650
Monterey Jack 10#	:	2.0400-2.2650
Blue 5#	:	2.3050-2.7000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6375-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3800-2.8500

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
		:	
05/30/05	52,604	:	147,009
05/01/05	47,794	:	141,813
CHANGE	4,810	:	5,196
% CHANGE	10	:	4

WEST

Block cheese prices showed some fractional strength at the end of last week at the CME market closing the week at \$1.46. Prices continued to firm this week with blocks up 4 cents on June 1. Trading was active today with 16 loads of blocks sold and 67 bids for blocks remaining on the board. Some buyers are noting that the market is currently in the fourth price cycle of the year and are attempting to make some purchases with this as background knowledge. As has been the case all spring, natural current blocks are finding the best buyer interest with barrel cheese and mozzarella trailing. Some operations are attempting to match production to demand for these last two types of cheese. This strategy is harder to implement during the spring milk flush when most plants are operating at capacity. As milk dries up and if market fundamentals remain the same, more operations may try to implement this strategy. Swiss cheese is in better balance because production has been a bit less and stocks have declined.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5700-1.8275
Cheddar 40# Block	:	1.5825-1.9350
Cheddar 10# Cuts	:	1.7625-1.9825
Monterey Jack 10#	:	1.7725-1.9325
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are steady to lower on domestic styles; unchanged on imported. The market tone is little changed. Stocks of foreign-type cheese are adequate to cover the current, fair demand. With the U.S. dollar regaining some "strength" against the Euro, importers are showing a little more interest in making purchases. However, the dollar is still weak when compared to the Euro, but not as weak as it has been.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	TFEWR	-0-
Blue	2.6400-4.6900	1.8525-3.3425*
Gorgonzola	3.6900-5.9400	2.3650-2.4900*
Parmesan (Italy)	TFEWR	3.2700-3.3750*
Romano (Italy)	2.1000-3.1500	-0-
Provolone (Italy)	3.4400-6.0900	1.8550-2.0900*
Romano (Cows Milk)	-0-	3.0500-5.2150*
Sardo Romano (Argentina)	2.8500-3.2900	-0-
Reggianito (Argentina)	2.6900-3.2900	-0-
Jarlsberg-(Brand)	3.1200-4.1500	-0-
Swiss Cuts Switzerland	-0-	2.4500-2.6500
Swiss Cuts Finnish	2.5900-2.8500	-0-
Swiss Cuts Austrian	TFEWR	-0-
Edam	:	:
2 Pound	TFEWR	-0-
4 Pound	2.1900-3.5600	-0-
Gouda, Large	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	27.8000-31.7000	-0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	232	0	209	0	162
SOUTHEAST STATES	0	53	0	0	0	0

Memorial Day has come and gone. Contacts are still bogged down under a sea of milk. For most plant contacts, this has been the worst Memorial Day weekend in many years. For those who planned and prepared, it wasn't too bad, but even the best laid plans get messed up. In the Southeast, milk plants are full and some reports have trucks waiting twenty-four hours to unload. It wasn't quite that bad in the Northeast, but delays at the unloading bays were common. Southeastern milk moved as far north as Minnesota, Wisconsin, and Pennsylvania. Shipments are expected to continue to these destinations "for a while." Milk production is not falling to any great degree. In Florida, the milk flow is holding and occasionally increasing due to cool weather and rains. The hot areas of the South Central area are having a slight impact on milk output, but according to one contacts, declines are "barely noticeable." In the Northeast, milk production is steady at the peak. Class I demand is slowing. This is the last week for schools in the Southeast and Middle Atlantic areas. Combine this lost fluid consumption with continued high output and most contacts expect these heavy milk supplies to be with us for several more weeks. Some spot, surplus milk was sold below Class, delivered, but discounts were not "too low." Some condensed skim sales were noted at below market prices, but these were infrequent. Most users have contracts and did not need to purchase spot loads. Demand for wet solids is mostly steady, but reports of improvement have been noted. The fluid cream market is mostly steady. Supplies were long during the weekend when some ice cream plants were down, but early-week orders from soft serve and ice cream mix makers improved as they get back on line. Spot prices are mostly lower due to the 2.58-cent decline in last week's CME cash butter average. Contacts note that those plants that stayed open during the holiday weekend were a great help in easing the supply glut. Cream cheese production is about steady and some producers are taking advantage of the lower prices to buy additional loads. Bottled cream production is starting to improve in scattered areas. Churning activity remains heavy.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.6980-1.8395
DELIVERED EQUIVALENT ATLANTA	-	1.7122-1.8537 M 1.7263-1.8112
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6980-1.8395

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9400-1.0200
NORTHEAST- CLASS III - SPOT PRICES	-	1.1000-1.1700

M I D W E S T

Class I demand is steady to mostly slower, reflecting the closing of additional schools for summer. Retail features and lower Class I prices in June are helping in some markets. Milk supplies are burdensome though no reports of milk needing to be dumped due to lack of manufacturing space were received. Some loads continue to get plenty of mileage in an effort to find manufacturing space. However, it seems many of the larger balancing operations were able to get current again on intakes around mid-week to allow extra room for expected heavy supplies for the upcoming weekend. Because of the wide variance in distance on some loads, reported spot milk prices range from -\$4.00 delivered to just a few +\$1.50 fob. The lower priced loads (below -\$2.00) were generally those left to the last minute when most plants were already heavily committed. Reports indicate that tanker unloading delays were common with some on the eastern part of the region reportedly around a full day. There were also no reported major plant problems to interrupt production schedules. Some comments were received from handlers on why cheese and butter prices are going up when manufacturing milk volumes are the largest in many years. Cream demand is better following the holiday and prices firmed up slightly around midweek/new month. Churning and cream cheese production was active over the weekend when most ice cream operations were closed. Ice cream production is steady to heavier following the holiday though dip and sour cream has backed off to lighter levels. The often cool temperatures are not really impacting milk receipts in the upper tier of states. Further south,

the higher temperatures have been more frequent. A few plants may have reached their annual peak but most operators still feel they could see additional increases and/or even more spot fluid offerings as more schools close for the summer. Fat tests are generally lower on incoming milk supplies. A lot of first cutting alfalfa has been cut and off fields in the past week. The cool temperatures in the upper tier may have delayed maturity and even reduced yields slightly. Some planting delays continue in parts of Minnesota due to wet conditions.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 26 - JUN 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 57.00- 63.00	\$ 51.50- 57.50
REPLACEMENT HEIFER CALVES	\$500.00-750.00	\$350.00-600.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 26 - JUN 1	PREVIOUS YEAR
SLAUGHTER COWS	\$ 56.50- 64.50	\$ 53.00- 59.50

W E S T

The Milk-Feed price ratio, as calculated by USDA, has declined for three consecutive months to stand at just over 3.0. In February the ratio was over 3.5. When the ratio is below 3.0, growth trends will start to slow because of lower profit potential. The May 4a price (butter/powder) in CALIFORNIA is \$11.72, \$.39 lower than April and \$.23 less than last year. The May 4b price (cheese) is \$13.39, down 95 cents from April and \$.95 lower than last year. Milk production in CALIFORNIA continues to trend steady to moving lower from the seasonal peak in the Central Valley and South. Hotter conditions were common in the middle portion of the state and flies continue to be a nuisance. Processors in the state were able to handle the milk supplies in a relatively orderly fashion over the holiday weekend and were returning to normal schedules by midweek. Fluid milk orders were mixed with some accounts higher to resume needs. ARIZONA milk volumes are moving downwards on a week to week basis. Conditions were topping 100 degrees but have eased into the 90's. Cooler temps at night have kept cows in better shape. Processing plants were running active over the Memorial Day weekend and helping out others. Fluid orders are steady. Milk output across NEW MEXICO is trending slightly lower on a week to week basis at levels above last year. Hot daytime temperatures eased and were helped by cooler nighttime conditions. Milk supplies were moving to regular locations during the holiday weekend, albeit at heavier volumes. Supplies were able to be balanced. Bottled milk orders have slowed as many schools and colleges are in summer recess and retail orders following the holiday are only fair. Eastern areas of the state are nearing completion of the first hay cutting, while the Southwestern area is into the second cutting. Premium quality hay is topping \$160 per ton. The extended holiday weekend did not create many problems for handling the cream in the region and supplies were handling timely and well. There were no reports of distressed loads being offered. Some handlers even had offers rescinded. Butter production remains active and ice cream production is taking more cream, but still below many projections. Less cream is available from standardizing bottled milk. The CME butter price continues to bounce lightly and stood at \$1.4200 on Wednesday, June 1, a half cent higher from a week ago. Cream multiples moved up and range from 110 to 126 FOB, and vary depending on basing points and class usage. Milk supplies over the holiday weekend were handled with few problems in the PACIFIC NORTHWEST. Output remains near the peak, but there are some indications that production is beginning to fall seasonally. Some herds are noting declines in output when new crop hay is being used because of the generally poor quality on much of it. This is not the scenario that producers had hoped for. The grass hay harvest is finally progressing, but much of it is past the prime because growers were waiting for better weather for the harvest. Both hay and grain prices are firm with soybean meal prices sharply higher last week. Chicago prices were \$214 early in the week for soybean meal. Record setting heat was noted over the weekend on the east side. Temperatures approached 100 degrees. This is very early in the season for being this warm. Hay growers were happy with some heat after the cool, wet spring that they have just come through. Some early test dairy hay is going for around \$140 in the field. These prices are \$10-20 above last year. The dry and warm "window" that occurred last week ended again last weekend, catching quite a bit of hay on the ground in UTAH and IDAHO. Hay producers and dairymen were counting on an early, good harvest to replenish depleted supplies of good quality dairy hay. Those growers that are waiting to cut are seeing the alfalfa get too old to be top quality. Plant capacity in the region was stretched over the holiday weekend. Some milk did have to leave the local region to find some plant capacity in nearby areas. Milk continues to hold at near peak levels.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a steady to firm market. Despite heavy production over the holiday weekend, supplies are limited. Producers continue to report that they are satisfied in holding additional loads for expected contractual or internal use during the summer months. Heavier production is expected to continue until excess milk volumes from the seasonal flush and school closings declines. Brokers are noting that contractual loads, that were previously delayed, are readily available from Western manufacturers. However, due to significant changes in price since the contractual order was placed and a general lack of end-users, brokers are not eager to pick up their loads. Spot interest is light due to the shorter work week and reduced demand from some cheese plants.

EAST: Prices range from unchanged to fractionally higher. The weekly NASS price (the basis for a large percentage of NDM sales) survey saw the NDM average price jump nearly nine-tenths of a cent last week. By most standards, this was a large week-to-week increase. The market tone is firm. Despite heavy production, stocks are light. In the East, plant stocks are growing, but contacts report that nearly all the powder is committed. In fact, one operation has all of its June production sold. Dryers were very active during the long, holiday weekend and they expect to continue heavy output through June. Some plants need to make some high heat powder because of dwindling stocks, but few producers want to take the time to do so while surplus milk volumes are so heavy. Reports of trucks waiting more than twenty-four hours to unload milk at some plants have been confirmed. Fortunately there were only a few minor plant problems during the Memorial Day weekend.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .9500 - 1.0100 MOSTLY: .9800 - .9900
HIGHHEAT: .9850 - 1.0950

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices are mostly steady to fractionally higher for the mostly series. Demand is fair for the holiday week. Production was active over the weekend holiday and milk was still being balanced at midweek. Plants in the region were able to process the excess milk supplies in an orderly fashion. As schools close for summer, additional milk supplies are moving to butter/powder facilities. Demand for NDM is fair to good domestically, fair for exports. Producers are exporting less NDM to be able to fill domestic orders on a timely basis. Supplies of high heat NDM in the region are limited and buyers are being pushed back. Drying times are not available on a regular basis and output is below projections. Stocks are light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .9175 - .9700 MOSTLY: .9400 - .9500
HIGHHEAT: .9500 - .9800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 27	\$.9003	11,300,188	0
May 20	\$.9181	6,933,978	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are unchanged to lower on a steady to weak market. Sales of dry buttermilk from the Central region remain light. Production is heavier than anticipated for this time of year. Most manufacturers are not aggressively marketing their stocks of buttermilk and continue to report that they are satisfied in holding stocks for future contractual use during the hot summer months. However, some plants are willing to reduce their prices in light of significant price differentials between Central and Western markets. Some offering prices are also noted below the range. Supplies of condensed buttermilk are available with some increased movement noted into ice cream facilities. Demand for dry buttermilk is generally slow.

F.O.B. CENTRAL: .9600 - 1.0100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the market tone is steady. The Northeast prices remain nominal and few spot sales are reported. Production levels are heavy as churning activity has not slowed appreciably. Drying activity is somewhat limited by all the skim that has to be dried, but plants are making time, as needed, to run buttermilk. Fortunately, the demand for liquid/condensed buttermilk is starting to improve along seasonal patterns. Demand for dry buttermilk is steady to slightly improved. Plant stocks are up slightly, but manageable.

F.O.B. NORTHEAST: .9300 - .9700
DELVD SOUTHEAST: .9500 - 1.0000

DRY BUTTERMILK - WEST

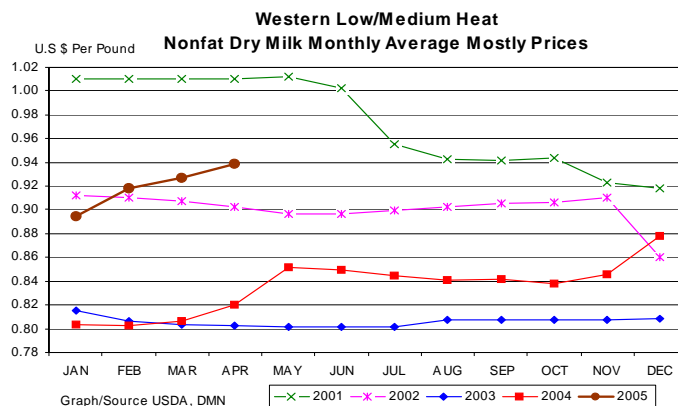
Western dry buttermilk prices are unchanged in limited trading activity during the holiday shortened week. Buying interest is slow and not testing the market. Production remains active to process solids. There were some issues in finding dryer times as surplus milk supplies are processed at dryers. Some extra buttermilk is available from producers. There is consideration as to whether to try to move these stocks or to hold on until the summer dries up supplies.

F.O.B. WEST: .9000 - .9600 MOSTLY: .9000 - .9100

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Prices remain nominal. Production levels are light as producers do not want to slow down their operations while they have so much skim to process. Demand for dry whole milk is steady and mostly contractual. Plant stocks range from light to balanced.

F.O.B. PRODUCING PLANT: 1.2700 - 1.4000



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are unchanged on Extra Grade and milk replacer quality whey. Trade activity is light due to the shorter work week and limited supply availability. Some plants report that they are sold out through the month of June. Most movement is occurring steadily on contracts or via the resale market. Production is steady to slightly higher due to the excess milk supplies available over the holiday weekend. Offerings of condensed whey are heavy into feed facilities for the light interest. Export inquiries are reduced compared to the week prior. Demand for dry whey from some feed facilities is also reduced as contractual shipments more than adequately satisfy formulation needs in light of the reduced number of replacement calves.

F.O.B. CENTRAL: .2550 - .2725 MOSTLY: .2550 - .2625
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2425 - .2475

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are increased fractionally and the market tone is unchanged. Production levels are up slightly as more milk is available to cheese makers. The increased production is welcomed from a whey supply stand point. Contacts continue to report that dry whey is tight at the producer level as many have contracted for much of their production. Any increased output is often absorbed "catching up" to delivery schedules. Demand is steady at fair to good levels. Export interest is good, but if the U.S. can maintain its new-found strength against the Euro, export interest may be affected. Most spot sales continue to be found in the resale side of the market.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2625 - .2800
DELVD SOUTHEAST: .2825 - .3000

DRY WHEY - WEST

Western whey range prices held steady, but the mostly series increased. New export activity continues to occur. Sellers are concerned that prices will get high enough to cause buyers to remove whey from formulas, but this is not the case yet. U.S. sourced whey continues to be the product of choice in international circles. Domestic demand is also rated as strong for the spring flush time period. Contacts are surprised that prices can continue to increase during the heaviest production time of the year, but that is the case. Output was at capacity levels at most production plants over the holiday weekend. Producer stocks are balanced to tight.

NONHYGROSCOPIC: .2800 - .3025 MOSTLY: .2900 - .2950

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged on a firm market. Trade activity is very light due to the limited supply availability and shorter holiday work week. Interest in 80% WPC is increasing as an adequate substitute to 34% WPC, especially from feed buyers and importers that cannot readily obtain spot loads of 34% WPC. Production of 34% WPC is generally higher in response to additional supplies of milk and condensed whey available during the holiday weekend. The predominant spot interest for 34% WPC is from food and feed users that are unable to reformulate away from the market. However, with limited supply availability and offering prices near the high side of the range, buyers are seriously questioning the merit in additional purchases of 34% WPC. Off grade supplies are limited for the good interest.

F.O.B. EXTRA GRADE 34% PROTEIN: .8650 - .9200 MOSTLY: .8650 - .8950

LACTOSE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. Spot trade activity is improved for the good export interest. Producers are expecting higher prices in the third quarter due to the increased export interest. However, interest may vary for both lactose and dry permeate in light of recent Foot-and-Mouth outbreaks reported in Asia. Additional supplies of condensed permeate are anticipated as some plants increase the production of high protein products. Condensed permeate may then be processed for increased production of lactose or dry permeate. Lactose production is currently steady to higher in response to heavier milk and condensed whey supplies over the holiday weekend. Off grade trade is noted near the lower end of the range for the good feed interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1750 - .2100 MOSTLY: .1800 - .1925

CASEIN - NATIONAL

Casein markets remain firm at unchanged prices. Many traders and handlers feel that current market conditions will prevail for much of the summer. Stock availability continues to be the major concern. Oceania suppliers indicate that stocks are in very close balance to often short of full needs. European suppliers indicate that their production season is strong, but they are still hesitant to be overly optimistic about the current season. Milk volumes appear to be more readily available to casein production than they have been in many years. Domestic buyers often are still not getting their needs fully filled, thus product reformulation continues to occur. Under invitation #045, 4,019,837 pounds of government owned nonfat dry milk (NDM) at \$0.6000 per pound were sold to one bidder. This was the final sale of NDM for the manufacturing of edible dry casein or casinate until further notice. Since June 2002, about 67.1 million pounds of powder have been sold at prices ranging \$0.2200 - \$0.6000 per pound. Over 53 million pounds of this powder has been sold in the past 12 months.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

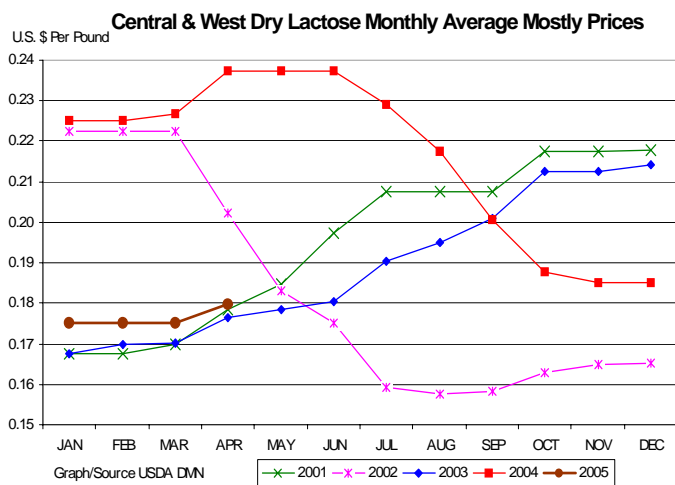
RENNET: 3.2700 - 3.4500
ACID: 3.2700 - 3.4000

EVAPORATED MILK - NATIONAL

Prices are steady. The already competitive market seems to be getting more competitive. Some producers are reportedly, becoming more aggressive in their quest to increase market share, which tends to maintain an unsettled market tone. With offering prices often below the cost of milk, some producers are assessing their position in the market and how best to proceed in coming months. Production levels are heavier. In most of the country, surplus milk volumes are excessive and some producers are taking advantage of the discounted milk prices to build inventories. Demand for canned evaporated milk is steady.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.



MONTHLY SUMMARY AND AVERAGES FOR MAY 2005 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 18	::REPORT NUMBER 19	::REPORT NUMBER 20	::REPORT NUMBER 21	::REPORT NUMBER 22	:: 2005	:: 2004
	::-----	::-----	::-----	::-----	::-----	:: Average	:: Average
	:: MAY 02 - 06	:: MAY 09 - 13	:: MAY 16 - 20	:: MAY 23 - 27	:: MAY 30 - 31	:: or Total	:: or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.5825 - 1.9800	:: 1.5750 - 1.9800	:: 1.6000 - 1.9800	:: 1.7075 - 1.9800	:: 1.6200 - 1.9800	:: 1.7982	:: 2.3709
-- Brick And/Or Muenster 5#	:: 1.9900 - 2.0000	:: 1.9900 - 2.0000	:: 1.9900 - 1.9925	:: 1.9900 - 2.1050	:: 1.9900 - 2.0100	:: 2.0068	:: 2.6538
-- Cheddar 40# Block	:: 1.8000 - 2.2650	:: 1.8000 - 2.2650	:: 1.7925 - 2.2650	:: 1.8400 - 2.2650	:: 1.8100 - 2.2650	:: 2.0366	:: 2.3844
-- Monterey Jack 10#	:: 2.0400 - 2.2650	:: 2.0400 - 2.2650	:: 2.0325 - 2.2650	:: 2.0400 - 2.2650	:: 2.0400 - 2.2650	:: 2.1516	:: 2.4881
-- Blue 5#	:: 2.2950 - 2.7000	:: 2.2950 - 2.7000	:: 2.2875 - 2.7000	:: 2.4000 - 2.7000	:: 2.3050 - 2.7000	:: 2.5093	:: 3.0563
-- Mozzarella 5 - 6#	:: 1.7400 - 2.3650	:: 1.7400 - 2.3650	:: 1.7325 - 2.3650	:: 1.7325 - 2.3650	:: 1.6375 - 2.3650	:: 2.0483	:: 2.4156
-- Grade A Swiss Cuts 6 - 9#	:: 2.3800 - 2.8500	:: 2.3800 - 2.8500	:: 2.3800 - 2.8500	:: 2.3800 - 2.8500	:: 2.3800 - 2.8500	:: 2.6150	:: 2.6688
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	:: 1.5150 - 2.0300	:: 1.5150 - 2.0300	:: 1.5225 - 2.0375	:: 1.6350 - 2.1500	:: 1.5400 - 2.0550	:: 1.8040	:: 2.4150
-- Cheddar Single Daisies	:: 1.4725 - 1.9475	:: 1.4725 - 1.9475	:: 1.4800 - 1.9550	:: 1.5925 - 2.0675	:: 1.4975 - 1.9725	:: 1.7415	:: 2.3525
-- Cheddar 40# Block	:: 1.5900 - 1.8475	:: 1.5900 - 1.8475	:: 1.5975 - 1.8550	:: 1.6975 - 1.9675	:: 1.6025 - 1.8725	:: 1.7485	:: 2.3597
-- Process 5# Loaf	:: 1.5925 - 1.8000	:: 1.5850 - 1.7925	:: 1.6000 - 1.8075	:: 1.7175 - 1.9275	:: 1.6300 - 1.8375	:: 1.7281	:: 2.2906
-- Process 5# Sliced	:: 1.6125 - 1.8275	:: 1.6050 - 1.8200	:: 1.6200 - 1.8350	:: 1.7375 - 1.9550	:: 1.6500 - 1.8650	:: 1.7518	:: 2.3294
-- Muenster	:: 1.6875 - 1.8900	:: 1.6875 - 1.8900	:: 1.6950 - 1.8975	:: 1.7075 - 1.9100	:: 1.6125 - 1.8150	:: 1.7917	:: 2.4313
-- Grade A Swiss Cuts 10 - 14#	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.4500 - 2.6500	:: 2.5500	:: 2.5500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.5350 - 1.7925	:: 1.5275 - 1.7850	:: 1.5400 - 1.7975	:: 1.6600 - 1.9175	:: 1.5700 - 1.8275	:: 1.6946	:: 2.2575
-- Cheddar 40# Block	:: 1.5700 - 1.9225	:: 1.5700 - 1.9225	:: 1.5650 - 1.9175	:: 1.6775 - 2.0300	:: 1.5825 - 1.9350	:: 1.7713	:: 2.3981
-- Cheddar 10# Cuts	:: 1.7500 - 1.9700	:: 1.7500 - 1.9700	:: 1.7450 - 1.9650	:: 1.8575 - 2.0775	:: 1.7625 - 1.9825	:: 1.8850	:: 2.5025
-- Monterey Jack 10#	:: 1.7600 - 1.9200	:: 1.7600 - 1.9200	:: 1.7550 - 1.9150	:: 1.8675 - 2.0275	:: 1.7725 - 1.9325	:: 1.8650	:: 2.4825
-- Grade A Swiss Cuts 6 - 9#	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.2500 - 2.7000	:: 2.4750	:: 2.6600
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.6900 - 1.8308	:: 1.6560 - 1.7940	:: 1.6580 - 1.7962	:: 1.7290 - 1.9019	:: 1.6980 - 1.8395	:: 1.7575	:: 2.7335
-- Atlanta - divd. equiv.	:: 1.7040 - 1.8590	:: 1.6698 - 1.8216	:: 1.6719 - 1.8238	:: 1.7434 - 1.9019	:: 1.7122 - 1.8537	:: 1.7748	:: 2.7193
-- Upper Midwest - f.o.b	:: 1.6759 - 1.7181	:: 1.6146 - 1.7388	:: 1.6580 - 1.7409	:: 1.7290 - 1.8010	:: 1.6980 - 1.8395	:: 1.7124	:: 2.7832
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 0.9600 - 1.0200	:: 0.9600 - 1.0200	:: 0.9400 - 1.0200	:: 0.9400 - 1.0200	:: 0.9400 - 1.0200	:: 0.9848	:: 0.9125
-- Class III	:: 1.1400 - 1.1700	:: 1.1400 - 1.1700	:: 1.1000 - 1.1700	:: 1.1000 - 1.1700	:: 1.1000 - 1.1700	:: 1.1445	:: 1.4500
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	::22.0000 -30.0000	::22.0000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	::19.5000 -30.0000	:: 25.3452	:: 26.0000

MONTHLY SUMMARY AND AVERAGES FOR MAY 2005 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 18	::REPORT NUMBER 19	::REPORT NUMBER 20	::REPORT NUMBER 21	::REPORT NUMBER 22	:: 2005	:: 2004
	::-----	::-----	::-----	::-----	::-----	:: Average	:: Average
	:: MAY 02 - 06	:: MAY 09 - 13	:: MAY 16 - 20	:: MAY 23 - 27	:: MAY 30 - 31	:: or Total	:: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.9350 - 1.0100	:: 0.9400 - 1.0100	:: 0.9450 - 1.0100	:: 0.9450 - 1.0100	:: 0.9500 - 1.0100	:: 0.9758	:: 0.9050
-- Mostly	:: 0.9600 - 0.9800	:: 0.9700 - 0.9800	:: 0.9750 - 0.9850	:: 0.9750 - 0.9850	:: 0.9800 - 0.9900	:: 0.9767	:: 0.8853
-- High Heat	:: 0.9700 - 1.0950	:: 0.9750 - 1.0950	:: 0.9800 - 1.0950	:: 0.9800 - 1.0950	:: 0.9850 - 1.0950	:: 1.0358	:: 1.0313
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.9050 - 0.9800	:: 0.9075 - 0.9900	:: 0.9100 - 0.9700	:: 0.9175 - 0.9700	:: 0.9175 - 0.9700	:: 0.9438	:: 0.8681
-- Mostly	:: 0.9300 - 0.9700	:: 0.9350 - 0.9700	:: 0.9350 - 0.9500	:: 0.9375 - 0.9500	:: 0.9400 - 0.9500	:: 0.9471	:: 0.8513
-- High Heat	:: 0.9500 - 0.9800	:: 0.9500 - 0.9800	:: 0.9500 - 0.9800	:: 0.9500 - 0.9800	:: 0.9500 - 0.9800	:: 0.9650	:: 0.9038
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.2475 - 0.2675	:: 0.2500 - 0.2700	:: 0.2525 - 0.2725	:: 0.2550 - 0.2725	:: 0.2550 - 0.2725	:: 0.2611	:: 0.3150
-- Mostly	:: 0.2475 - 0.2525	:: 0.2500 - 0.2550	:: 0.2525 - 0.2600	:: 0.2550 - 0.2625	:: 0.2550 - 0.2625	:: 0.2546	:: 0.3100
-- West (f.o.b.)	:: 0.2750 - 0.2950	:: 0.2750 - 0.3000	:: 0.2750 - 0.3025	:: 0.2800 - 0.3025	:: 0.2800 - 0.3025	:: 0.2883	:: 0.2744
-- Mostly	:: 0.2800 - 0.2875	:: 0.2850 - 0.2900	:: 0.2850 - 0.2925	:: 0.2850 - 0.2950	:: 0.2900 - 0.2950	:: 0.2877	:: 0.2681
-- Northeast (f.o.b.)	:: 0.2550 - 0.2750	:: 0.2550 - 0.2750	:: 0.2575 - 0.2750	:: 0.2600 - 0.2800	:: 0.2625 - 0.2800	:: 0.2668	:: 0.3275
-- Southeast (Delvd)	:: 0.2750 - 0.2925	:: 0.2750 - 0.2925	:: 0.2775 - 0.2950	:: 0.2800 - 0.2975	:: 0.2825 - 0.3000	:: 0.2859	:: 0.3425
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.8200 - 0.9000	:: 0.8400 - 0.9200	:: 0.8500 - 0.9200	:: 0.8650 - 0.9200	:: 0.8650 - 0.9200	:: 0.8800	:: 0.6444
-- Mostly	:: 0.8200 - 0.8600	:: 0.8400 - 0.8600	:: 0.8500 - 0.8800	:: 0.8650 - 0.8950	:: 0.8650 - 0.8950	:: 0.8598	:: 0.6381
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2250 - 0.2425	:: 0.2300 - 0.2425	:: 0.2425 - 0.2475	:: 0.2425 - 0.2475	:: 0.2425 - 0.2475	:: 0.2402	:: 0.2825
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.9600 - 1.0500	:: 0.9600 - 1.0500	:: 0.9600 - 1.0500	:: 0.9600 - 1.0500	:: 0.9600 - 1.0100	:: 1.0040	:: 1.1738
-- West (f.o.b.)	:: 0.9000 - 0.9700	:: 0.8800 - 0.9650	:: 0.9000 - 0.9600	:: 0.9000 - 0.9600	:: 0.9000 - 0.9600	:: 0.9294	:: 1.0094
-- Mostly	:: 0.9000 - 0.9500	:: 0.8800 - 0.9250	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9092	:: 1.0094
-- Northeast (f.o.b.)	:: 0.9600 - 0.9800	:: 0.9600 - 0.9800	:: 0.9600 - 0.9800	:: 0.9300 - 0.9700	:: 0.9300 - 0.9700	:: 0.9643	:: 1.0950
-- Southeast (Delvd)	:: 0.9800 - 1.0000	:: 0.9800 - 1.0000	:: 0.9800 - 1.0000	:: 0.9500 - 1.0000	:: 0.9500 - 1.0000	:: 0.9857	:: 1.0900
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.2725 - 1.4000	:: 1.2700 - 1.4000	:: 1.2700 - 1.4000	:: 1.2700 - 1.4000	:: 1.2700 - 1.4000	:: 1.3353	:: 1.4988
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1650 - 0.2100	:: 0.1700 - 0.2100	:: 0.1700 - 0.2100	:: 0.1700 - 0.2100	:: 0.1750 - 0.2100	:: 0.1895	:: 0.2450
-- Mostly	:: 0.1700 - 0.1900	:: 0.1700 - 0.1900	:: 0.1700 - 0.1925	:: 0.1700 - 0.1925	:: 0.1800 - 0.1925	:: 0.1809	:: 0.2375
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.2700 - 3.4500	:: 3.2700 - 3.4500	:: 3.2700 - 3.4500	:: 3.2700 - 3.4500	:: 3.2700 - 3.4500	:: 3.3600	:: 2.4500
-- Nonrestricted - Acid	:: 3.2700 - 3.4000	:: 3.2700 - 3.4000	:: 3.2700 - 3.4000	:: 3.2700 - 3.4000	:: 3.2700 - 3.4000	:: 3.3350	:: 2.4413

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR MAY 2005

COMMODITY	::REPORT NUMBER 18::		REPORT NUMBER 19::		REPORT NUMBER 20::		REPORT NUMBER 21::		REPORT NUMBER 22::		2005 *	2004 *
	::-----::		::-----::		::-----::		::-----::		::-----::		Monthly	Monthly
	:: MAY 2 - 6		:: MAY 9 - 13		:: MAY 16 - 20		:: MAY 23 - 27		:: MAY 30 - 31		Average	Average
BUTTER*												
-- GRADE AA												
--Monday	::	1.3975	::	1.3600	::	1.4300	::	1.4200	::	#	::	:
--Tuesday	::		::		::		::		::		::	:
--Wednesday	::	1.3825	::	1.3725	::	1.4500	::	1.4150	::		::	:
--Thursday	::		::		::		::		::		::	:
--Friday	::	1.3600	::	1.4125	::	1.4425	::	1.4100	::		::	1.4044 : 2.0363
--Weekly Average**	::	1.3800	::	1.3817	::	1.4408	::	1.4150	::		::	:
CHEESE*												
-- BARRELS												
--Monday	::	1.3850	::	1.3600	::	1.5000	::	1.4400	::	#	::	:
--Tuesday	::	1.3850	::	1.3575	::	1.5100	::	1.4250	::	1.4150	::	:
--Wednesday	::	1.3750	::	1.3675	::	1.5100	::	1.4075	::		::	:
--Thursday	::	1.3650	::	1.4200	::	1.5100	::	1.4075	::		::	:
--Friday	::	1.3650	::	1.4400	::	1.5100	::	1.4150	::		::	1.4224 : 1.8848
--Weekly Average**	::	1.3750	::	1.3890	::	1.5080	::	1.4190	::		::	:
-- 40# BLOCKS												
--Monday	::	1.4475	::	1.4350	::	1.5525	::	1.4900	::	#	::	:
--Tuesday	::	1.4550	::	1.4275	::	1.5775	::	1.4500	::	1.4600	::	:
--Wednesday	::	1.4525	::	1.4325	::	1.5775	::	1.4500	::		::	:
--Thursday	::	1.4550	::	1.4500	::	1.5500	::	1.4550	::		::	:
--Friday	::	1.4450	::	1.4750	::	1.5275	::	1.4600	::		::	1.4774 : 1.9925
--Weekly Average**	::	1.4510	::	1.4440	::	1.5570	::	1.4610	::		::	:
NONFAT DRY MILK*												
-- EXTRA GRADE												
--Monday	::	0.9625	::	0.9625	::	0.9625	::	0.9625	::	#	::	:
--Tuesday	::	0.9625	::	0.9625	::	0.9625	::	0.9625	::	0.9625	::	:
--Wednesday	::	0.9625	::	0.9625	::	0.9625	::	0.9625	::		::	:
--Thursday	::	0.9625	::	0.9625	::	0.9625	::	0.9625	::		::	:
--Friday	::	0.9625	::	0.9625	::	0.9625	::	0.9625	::		::	0.9625 : 0.9280
--Weekly Average**	::	0.9625	::	0.9625	::	0.9625	::	0.9625	::		::	:
-- GRADE A												
--Monday	::	0.9825	::	0.9825	::	0.9825	::	0.9825	::	#	::	:
--Tuesday	::	0.9825	::	0.9825	::	0.9825	::	0.9825	::	0.9825	::	:
--Wednesday	::	0.9825	::	0.9825	::	0.9825	::	0.9825	::		::	:
--Thursday	::	0.9825	::	0.9825	::	0.9825	::	0.9825	::		::	:
--Friday	::	0.9825	::	0.9825	::	0.9825	::	0.9825	::		::	0.9825 : 0.9280
--Weekly Average**	::	0.9825	::	0.9825	::	0.9825	::	0.9825	::		::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations. ** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported. # No Trading - Memorial Day observed.

MAY AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in May 2005 was unchanged at 139. Compared with May 2004, the index was up 4 points (3.0 percent). The index of prices received by farmers for dairy products declined 2 points during the month of May 2005 to 114. Compared with May 2004, the index was down 34 point (23.0 percent).

Prices received by farmers in May with changes from April were: for All Milk, \$14.90 per hundredweight (cwt.), down \$.30; Fluid Grade Milk, \$14.90 per cwt., down \$.30; and for Manufacturing Grade Milk, \$14.20 per cwt., down \$.50.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MAY 2005 WITH COMPARISONS

STATE	All-milk price 1/ 3/				Milk cows 5/		Cows 6/		All hay baled 7/	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	APRIL		MAY		MAY		MAY		MAY	
	2005 2/	2004 2/	2005 4/	2004 2/	2005	2004	2005 7/	2004 8/	2005	2004
CA	14.12	17.28	13.70	17.63	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		55.60	48.60	142.00	121.00
ID	14.80	19.00	14.20	17.90			58.00	51.00	101.00	100.00
MI	15.40	18.00	15.20	19.70			56.00	53.00	93.00	95.00
MN	15.60	20.40	14.90	20.70			60.50	56.70	73.00	67.00
NM	14.30	16.60	14.20	17.60			59.10	51.80	119.00	138.00
NY	15.50	17.40	15.10	20.20			---	---	112.00	112.00
PA	16.60	18.00	16.10	20.60			58.30	52.60	128.00	137.00
TX	15.00	17.10	14.80	19.20			55.40	49.40	74.00	77.00
WA	14.90	17.40	14.80	19.30			---	---	104.00	112.00
WI	15.90	20.40	15.60	20.70			58.90	54.90	100.00	92.00
U.S.	15.20	18.10	14.90	19.30			58.70	52.50	107.00	101.00

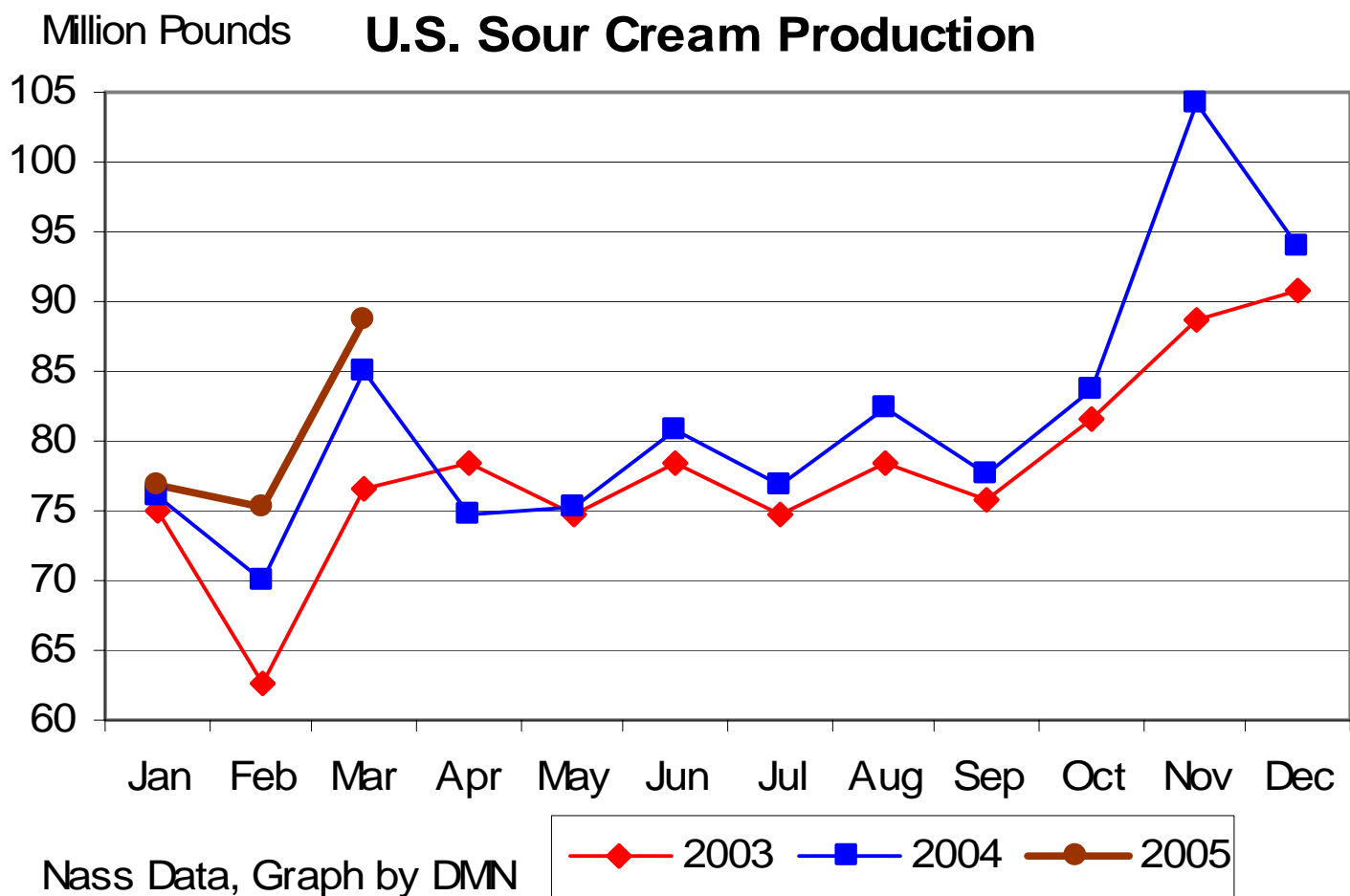
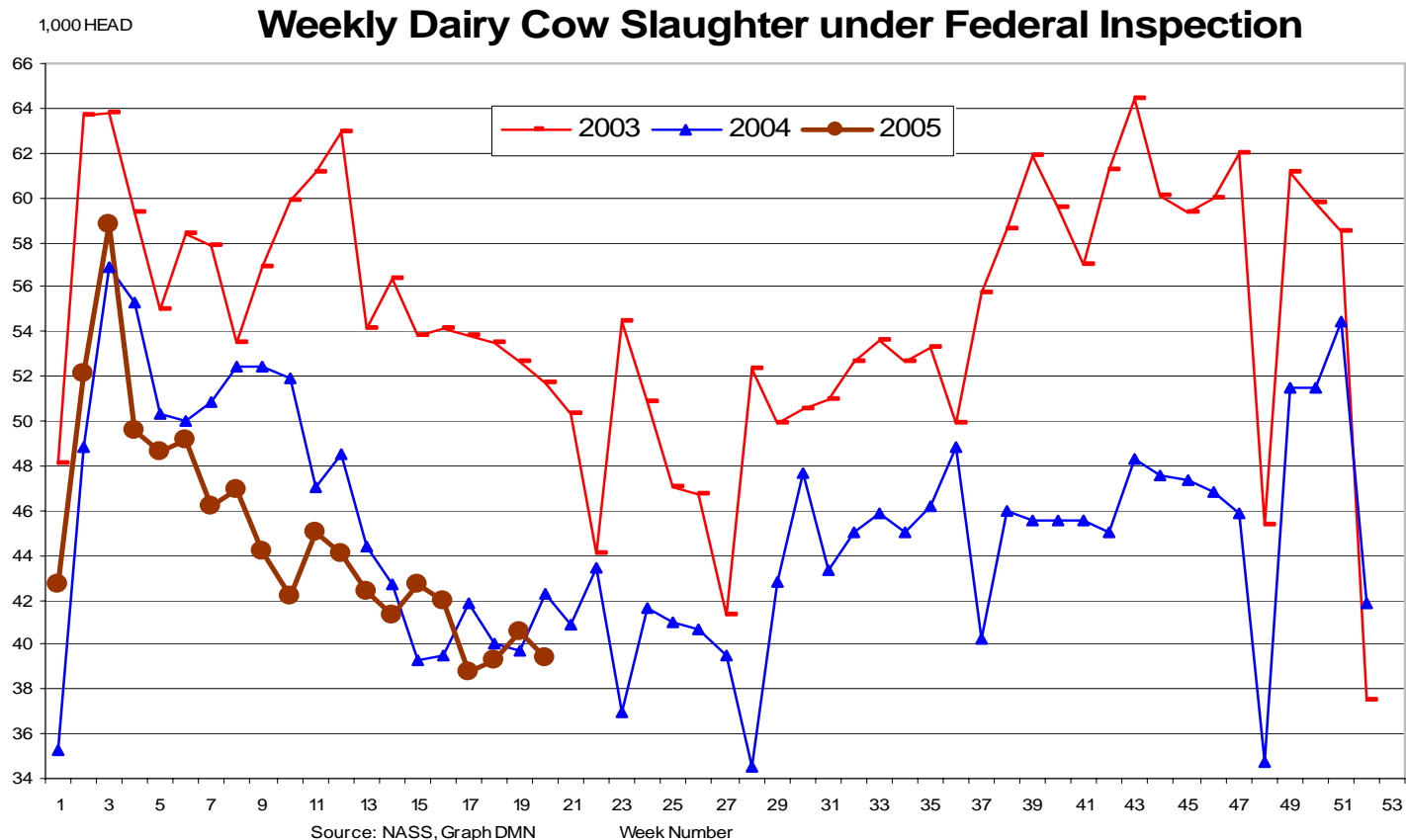
1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., MAY 2005 WITH COMPARISON

ITEM	MAY 2004	APRIL 2005 1/	MAY 2005 2/
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	19.30	15.20	14.90
Fluid grade milk	19.30	15.20	14.90
Manufacturing grade milk	18.80	14.70	14.20
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	129	122	122
Prices received by farmers for dairy products	148	116	114
Prices paid by farmers for commodities and services, interest taxes, and wage rates	135	139	139
Prices paid by farmers for production items	133	138	138
Prices paid by farmers for feed	135	116	117
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk 3/	3.15	3.21	3.02

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (5/05), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MAY 30 - JUNE 3, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 05/27/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	286,935,943	-0-	678,080,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	286,816,895	-0-	724,471,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MAY 30 - JUNE 3, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	1.0	55.1
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	62.2	3,338.5
CUMULATIVE JANUARY 1 - JUNE 3, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	36.7	1,989.3

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MAY 30 - JUNE 3, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	7,646,276	4.2	2.7
WEST	-0-	-42,309	-0-	-0-	29,415,099	274,886,845	92.4	95.8
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.5
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	286,816,895	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 05/14/05 & Comparable Week 2004

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL	
	1	2	3	4	5	6	7	8	9	10	WEEK SINCE JAN 1	WEEK SINCE JAN 1
2005-Dairy	N.A.	0.6	N.A.	2.5	12.0	3.2	0.7	N.A.	11.3	2.3	39.4	895.9
2004-Dairy	1.0	0.6	N.A.	2.1	17.8	1.9	0.4	N.A.	10.2	1.8	42.3	929.3
2005-All cows	N.A.	0.7	N.A.	11.4	22.9	14.5	10.4	N.A.	12.7	4.7	87.1	1,838.9
2004-All cows	1.0	0.7	N.A.	10.3	28.6	14.1	14.8	N.A.	12.7	4.5	96.9	1,949.5

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62						
II	13.04	13.36	13.25	13.24	12.78							
III	14.14	14.70	14.08	14.61	13.77							
IV	12.52	12.74	12.66	12.61	12.20							

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm05/mib/cls_prod_cmp_pr.htm